

GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405

February 14, 1991

FIRMR BULLETIN C-29

TO: Heads of Federal agencies

SUBJECT: Acquisition of used computer equipment by the Federal
Government

1. Purpose. This bulletin describes situations where the acquisition of used equipment may be an advantageous method of satisfying agency needs. It also provides guidelines for consideration by agencies when solicitations allow offerors to propose used equipment.

2. Expiration Date. This bulletin contains information of a continuing nature and will remain in effect until canceled or superseded.

3. Contents. This bulletin addresses the following topics:

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4. Related material.

FIRMR Part 201-20
FIRMR Part 201-22
FIRMR Part 201-23
FIRMR Part 201-39
FIRMR Bulletin C-27
FAR 10.010

TC 90-1

FEDERAL INFORMATION RESOURCES MANAGEMENT REGULATION
APPENDIX B

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5. Information and assistance. Additional guidance on information in this bulletin may be obtained from:

General Services Administration
Regulations and Analysis Division (KMR)
18th and F Streets, NW
Washington, DC 20405
Telephone: (202) 501-3194 (v) or FTS 241-2194, or
(202) 501-0657 (tdd) or FTS 241-0657 (tdd)

6. Definitions. For purposes of this bulletin, the following terms are defined:

a. "Used computer equipment" means mainframe and associated peripheral equipment that has been previously installed. This term includes reconditioned, refurbished or remanufactured equipment.

b. "New computer equipment" means equipment that has not been previously installed.

c. "Outdated computer equipment" means mainframe and associated peripheral equipment that is over eight (8) years old (based on the initial commercial installation date of that model of equipment) and is no longer in current production.

7. Acronyms.

ADPE Automatic data processing equipment
IRSC Information Resources Services Center
OEM Original equipment manufacturer

8. Background.

a. Federal agencies should acquire and maintain efficient, effective and modern information systems to accomplish their missions. All viable alternatives for satisfying mission needs should be considered. New equipment is not always the most advantageous method of satisfying agency needs for computer equipment.

b. The Federal Government is the largest user in the country of used computer equipment. It also has one of the largest inventories of outdated computer equipment. In some situations, used computer equipment may be an advantageous method of

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satisfying agency needs. In other situations, it may contribute to the maintenance of an outdated and costly ADPE environment. While the installation of used computer equipment may be the most advantageous method of satisfying agency needs in the situations described in this bulletin, GSA has a long-standing policy against adding outdated computer equipment to the Federal Government's inventory.

c. The extensive use of used computer equipment by the Federal Government is due to the very active Governmentwide program for reusing equipment previously installed in Federal agencies. GSA requires agencies, before bringing additional computer equipment into the Federal inventory, to consider reuse and transfer of equipment when it is not outdated and when it is capable of satisfying agency needs. Outdated computer equipment is not made available for transfer and reuse within the Government unless its use is specifically justified as necessary to satisfy agency needs.

d. In addition to reuse of Government computer equipment, commercial suppliers offer Federal agencies a secondary source for used equipment.

e. The General Services Board of Contract Appeals, in resolving some protests involving solicitations that did not allow for evaluation of used equipment, has required agencies to justify "only new" specifications which were challenged as being restrictive on competition.

9. Situations which may be conducive to installing used computer equipment.

a. Used equipment may be an advantageous method of satisfying agency needs for computer equipment. Consideration should be given to whether the need for the equipment will end before the equipment becomes outdated, and whether the equipment will satisfy the agency's needs. Agencies may allow for appropriate system upgrades when determining the full period of anticipated use. However, agencies should not acquire outdated equipment or equipment which will become outdated before the need for the equipment ends, unless justified as necessary to satisfy the needs of the agency.

b. Following are examples when the acquisition of used equipment may be appropriate:

- the agency's need can be satisfied with used computer equipment which is available at a substantial discount compared to the manufacturer's current market price for the same make and model of new equipment.

- the agency has a short-term requirement for computer equipment.

- the agency is not positioned to utilize the most current version and release level of the (OEM's) operating system and will not be so positioned during the system's life.

- the agency's application will remain stable for a long period of time and does not require use of the latest technology for economy or efficiency.

- the agency needs additional system components to increase the capacity of a currently-installed system.

10. Guidelines for the installation of used computer equipment.

It is important that agencies acquire modern technologies that provide the needed reliability, quality and service. Equipment procured should position the agency to move in step with the technology. Most factors to be considered when preparing a solicitation apply to both new and used equipment. Some factors, however, are particularly relevant when agencies consider acquiring used equipment. Some factors that may help agencies in preparing solicitations to protect against acquiring undesirable equipment are listed below:

- a. The offered equipment should not become outdated before the need for the equipment ends.

- b. The offered equipment must be able to run the version(s) and release level(s) of the OEM's operating system that the agency needs to run during the period the equipment will be installed. The agency should consider whether it is, or will be, positioned to utilize the most current version and release level of the operating system.

- c. The offered equipment should accommodate any planned growth and other requirements related to the agency's specific needs during the period the equipment will be installed.

- d. The offered equipment must be able to operate not only within the existing system but also with all networks with which the system is required to interact.

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e. All costs associated with the equipment for the full system life should be considered, including maintenance, environmental factors, wiring, cabling, installation, modifications required to accommodate software or compatibility, operations, and staff.

f. The offered equipment should function so as to be indistinguishable from new equipment in performance, should be substantially like new in appearance, and should meet all of the OEM operating specifications and standards. All engineering changes initiated by the OEM should have been, or will be, incorporated as of the date of contract award.

g. The contractor should be able to furnish a certification of maintainability and availability of spare parts by the OEM (or the OEM's successor in interest) for the system life. Such a certification should be submitted before equipment is installed.

h. Warranties for used equipment should be full warranties (including all parts, repairs and labor for the warranty period) at least equal to those offered for new equipment. Agencies should be aware, however, that warranties may not alleviate system unavailability after award. Because warranties are only effective for certain periods, protection should be included in the solicitation through liquidated damages or other remedies.

i. The extent of damages to be assessed should be considered for equipment which fails to perform in accordance with an offeror's certification, or with a solicitation/specification requirement.

j. Inspection and acceptance procedures sufficient to allow ample time to ensure that equipment will provide the required performance should be included in the solicitation.

k. Used equipment should be able to pass the same benchmark (or other validation test procedures) as new equipment.

l. If equipment is nearing obsolescence, or if the systems life is short term, then lease might be more appropriate than purchase or lease to ownership. A straight lease for a short period may protect an agency from becoming the owner of equipment for which it has no use after a short term requirement has been met.

m. Because there are no universally accepted definitions for terms such as "refurbished," "reconditioned," and

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"remanufactured," solicitations should contain agency definitions of the terms (if used) so that prospective offerors will know exactly what the agency expects to be delivered. For instance, "refurbished" may mean cosmetic changes only (such as cleaning and repairing dents in frames) and may not include engineering changes. "Reconditioned" could mean that parts have been replaced or rebuilt. "Remanufactured" generally denotes that equipment has been returned to the manufacturer for rebuilding. Some or all of these terms may - or may not - mean that engineering changes are up-to-date. At a minimum, used ADPE should be at current engineering levels, certified for maintenance with its OEM, and free of cosmetic defects.

n. In cases where an agency needs additional information to ensure that equipment is in good condition, it may wish to request from offerors information such as the names of previous users or information on who maintained the equipment or made engineering changes.

o. Security requirements should be considered to ensure that necessary safeguards can be installed in the equipment.

11. Use of GSA's Multiple Award ADP Schedule Contracts for the acquisition of used computer equipment. Used equipment is available on Group 70A ADP Schedules. GSA encourages the use of these schedules under guidelines set forth in the FIRMR and this bulletin. For information, call FTS 241-1840 or (202) 501-1840.

12. Obtaining information on used equipment. Information on used equipment and dealers may be obtained from the following sources: the Computer Dealers and Lessors Association, 1212 Potomac Street, NW, Washington, DC 20007 (202/333-0102); Computer Merchants, Inc., 200 Brady Avenue, Hawthorne, NY 10532 (914/769-2686); Daley Marketing Corporation, 151 Kalmus, H4, Costa Mesa, CA 92626 (714/662-0755); and Digital Dealers Association, 107 South Main Street, Suite 202, Chelsea, MI 48818 (313/475-8333). Various other commercial organizations may exist which can provide technical or cost data. Agencies should communicate with organizations of this type to obtain the most timely information available about resources through periodicals or other sources. In addition, agencies may wish to explore the marketplace periodically to find appropriate resources.

A listing of updated Schedule awards for new and used equipment can also be accessed via computer on the Information Resources Services Center (IRSC) electronic bulletin board at 1200 Baud on (202) 501-2661 or FTS 241-2014; at 2400 Baud on (202) 501-2014 or

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FTS 241-2015. NOTE: When the user receives the "connect" or "on line" message at the terminal, the return (enter) key must be depressed once to gain access to the bulletin board. For further technical information, call the Planning and Support Division, Technical Support Branch on FTS 241-1404 or (202) 501-1404.

Thomas J. Buckholtz
Commissioner
Information Resources Management Service

